



PacketHop and Nortel Networks Join Forces to Offer Mobile Broadband Communications Solution Addressing Homeland Security

BELMONT, Calif. – August 10, 2004 – PacketHop™, Inc., a leader in secure mobile mesh broadband communications, today announced it has signed a joint marketing agreement with Nortel Networks* (NYSE/TSX: NT), the industry's first supplier of wireless networks operating in all advanced radio technologies and the only end-to-end provider of all next generation wireless solutions. Under the agreement, the companies will co-market their combined mobile communications solutions and will initially target the US\$11 billion homeland security market to facilitate the rapid deployment of a secure, ubiquitous mobile communications network among law enforcement and public safety agencies.

The broadband wireless capabilities of the combined PacketHop-Nortel Networks solution address the critical need for real-time, multimedia, mission-critical collaboration within the various agencies and first responders during an emergency event. Combining the cost-effective extension of the wireless LAN infrastructure with the dynamic, mobile peer-to-peer mesh networking, Nortel Networks and PacketHop bring a turnkey, end-to-end solution to the homeland security communications marketplace.

"The Nortel Networks relationship is a critical element in PacketHop's go-to-market strategy as we prepare for the commercial launch of our secure mobile mesh networking products," said Michael Howse, president and CEO of PacketHop. "The combined offerings of Nortel Networks and PacketHop provide tremendous synergies in delivering the highest level of security, network survivability, enhanced coverage, IP-based interoperability, and improved cost performance. PacketHop is well positioned for significant market traction by leveraging the strength of Nortel Networks Wireless Mesh Network solution."

"PacketHop's mobile mesh system will further optimize and extend the value of our Wireless Mesh Network solution to homeland security customers," said Mark Whitton, general manager, Wireless LAN Solutions at Nortel Networks. "PacketHop shares our vision of redefining mobile communications with innovative technology that takes advantage of existing standards and non-proprietary systems. Together, we intend to transform the way that emergency workers communicate and exchange information."

The PacketHop solution is a complete system that enables mobile device users to seamlessly communicate with one another over a secure, scaleable and robust broadband wireless network that is created instantly between mobile devices. The PacketHop system consists of client software that is loaded onto virtually any standard IP radio-equipped device along with real-time multimedia applications specifically designed for server-less operations. With PacketHop, mobile devices gain powerful new capabilities to form a dynamic network with other mobile devices and utilize wireless network infrastructure from leading suppliers such as Nortel Networks as another network element when connection to a network backbone is necessary. The PacketHop applications deliver truly distributed video, whiteboarding, mapping and messaging functionality and do not require a centralized server.

Nortel Networks Wireless Mesh Network portfolio consists of Wireless Access Point 7220, Wireless Gateway 7250 and Nortel Networks Optivity* Network Management system. This solution is intended to deliver secure, wireless broadband services that can provide a cost-effective method for extending wireless LAN coverage more broadly into business and end-user markets and enable indoor and outdoor access. The solution uses wireless links to connect the access points, allowing enterprises or service providers to install wireless LANs with a minimal amount of Ethernet cabling or other backhaul facilities in areas where network limitations make it cost-prohibitive to use traditional wired access points. This innovative approach can drastically reduce the complexity and cost of deploying an expanded wireless LAN network.

Joint solutions from PacketHop and Nortel Networks are targeted for availability in the fourth quarter 2004 and are designed to exceed all of the key requirements for mission-critical communications.

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About Nortel Networks

Nortel Networks is an industry leader and innovator focused on transforming how the world communicates and exchanges information. The Company is supplying its service provider and enterprise customers with communications technology and infrastructure to enable value-added IP data, voice and multimedia services spanning Wireless Networks, Wireline Networks, Enterprise Networks, and Optical Networks. As a global company, Nortel Networks does business in more than 150 countries. More information about Nortel Networks can be found on the Web at www.nortelnetworks.com or www.nortelnetworks.com/media_center.

About PacketHop

PacketHop, Inc. develops mobile mesh networking software which enables instant wireless group communication for commercial enterprises, government organizations and consumer markets. PacketHop Communication System software enables 802.11 standards-based devices to create extended Wi-Fi hot-zones on the fly – known as autonomous mobile mesh networks – which can securely operate with or without wireless access points. By making infrastructure completely optional, PacketHop delivers coverage whenever and wherever instant wireless broadband communication is needed – with greater resiliency, reliability and robustness than any other comparable technology. Along with the company's device agnostic mobile mesh networking solution that facilitates rapid and cost-effective deployments, PacketHop offers the Aware™ for Public Safety multimedia application with capabilities such as real-time multicast video, resource tracking, instant messaging and whiteboarding. Founded in 2003 and based in Silicon Valley, Calif., PacketHop is funded by venture firms U.S. Venture Partners, Mayfield, ComVentures and GF Private Equity Group. For more information on PacketHop, please visit www.packethop.com.

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